



SENT TO COUNCIL

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Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Corsiglia

SUBJECT: PRODUCTION REPORT FOR
JANUARY 1 – MARCH 31, 2005

DATE: May 23, 2005

Approved

Date

May 25, 2005

COUNCIL DISTRICT: Citywide

INFORMATION

This report covers activity in the Project Development Program for the third quarter of the 2004-05 Fiscal Year. The objective of the Project Development Program is to increase, preserve, and improve the supply of affordable housing in San Jose.

The Mayor and City Council have set a new target of 10,000 affordable units to be completed or to start construction during the period of January 1, 1999 to December 31, 2006. To date, 7,526 affordable units have been completed, with an additional 1,351 currently under construction. **Attachment I** details the status of the nine large, new construction projects that are currently under construction. Funding commitments for 1,109 additional units have been made, while 785 units are seeking City funding. Also, 398 inclusionary units are in the planning stage (see **Attachment II**).

Financing Activity

Under the funding strategy for the affordable housing program approved by the City Council on February 24, 2004, the Housing Department has issued three Notices of Funding Availability ("NOFAs"). The third NOFA was released in late 2004 and made available \$10,000,000. In response to the NOFA, the Housing Department received one funding application from First Community Housing for the Gish Apartments, a 35-unit, 100% affordable, mixed-use, transit-oriented project with 13 dedicated special needs units. The funding commitment recommendation was approved by the City Council on February 8, 2005.

Housing and Finance department staff, in partnership with the City Attorney's Office and the City's financial advisor continues to work to complete the issuance of the Series 2005A, B, C and D Tax Allocation Bonds, which are scheduled to close in June 2005. This will allow the Department to repay all amounts drawn on the line of credit, to fund loan commitments currently

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outstanding, to refund previously issued bonds for savings and to optimize the Department's existing bond amortization schedule.

City Council Actions

On January 25, 2005, the City Council approved the issuance of tax-exempt multifamily housing revenue bonds in the aggregate principal amount not to exceed \$21,100,000 for the Raintree Apartments affordable housing project located at 1034-1060 South Winchester Boulevard. Concurrently, the City Council approved loaning the bond proceeds to Fairfield Raintree, L.P. to finance the construction of the project.

Additionally, on February 1, 2005, the Redevelopment Agency Board approved the transfer to the City of the Dorchester property, a 16-unit rental property located at 295 East San Fernando and 79 South Seventh Street for \$1,100,000. The City Council then approved the sale of the Dorchester property to JCN Investors, LLC, on behalf of the Beta Theta Pi Fraternity, for \$1,100,000.

On February 15, 2005, the City Council approved an option agreement for the sale of the 64-unit Casa Feliz special needs, single-room-occupancy facility located at 525 South Ninth Street to a partnership between First Community Housing and the John Stewart Company for \$2,388,642. The City Council also authorized making a loan of up to \$1,620,642 to the partnership to fund a portion of the acquisition cost of the project.

As the need for affordable housing in San Jose continues to grow and resources remain limited, the Housing Department continues to seek and utilize all available opportunities to meet the affordable housing production goals set by the Mayor and City Council.



LESLYE CORSIGLIA
Director of Housing

Attachments:

- Attachment 1 -- Highlights of activities since 1999, as of March 31, 2005.
- Attachment 2 -- Summaries of the large projects currently under construction.

cc: Housing Advisory Commission



Attachment 1

**Summaries of Projects Currently Under Construction
as of March 31, 2005**

ALMADEN FAMILY

District 7

Developer: Almaden Family Housing Partners, L.P.

Location: 1525-1541 Almaden Road

Units: 225 units of family housing: 46 ELI/177 LI/2 unrestricted manager's units

Council Action: Approval on April 1, 2003, of a funding commitment for permanent financing. Approval in October 2003 of a bond issuance and a loan of bond proceeds.



City Funds (Permanent): up to \$13,775,000

Subsidy/Unit: \$61,771

Estimated Project Cost: \$57,097,000

Construction started in April 2005. Completion is anticipated in March 2007.

Photos:

TOP: A view of the frontage of the property facing Almaden Expressway.



MIDDLE: Earthwork in progress for Building A.

BOTTOM: A view of the cleared site ready to begin earthwork for Building B.



ART ARK

District 3

Developer: CORE Development Inc.

Location: Northeast corner of South 5th and Keyes, within the Martha Gardens Specific Plan boundaries.

Units: 148 units of housing with the marketing of the units targeted to the arts community: 44 ELI/102 VLI/ 2 unrestricted manager's units

Council Action: Approval on April 13, 2004, of a funding commitment for construction and permanent financing, and a grant for ELI units.

City Funds (Permanent): up to \$5,671,900 and a conditional grant of up to \$2,300,000 of RDA funds

Subsidy/Unit: \$55,607
Subsidy/ELI Unit \$53,273

Estimated Project Cost: \$37,001,209

Construction started in April 2005. Completion is anticipated in December 2006.

Photos:

TOP: A view of the Art Ark site looking North.

MIDDLE: Earthwork in progress looking south.

BOTTOM: Looking west at garage excavation in progress.



BELLA CASTELLO

District 3

Developer: Bella Castello Family Apartments, L.P.

Location: Southeast corner of 12th Street and Keyes Street.

Units: 88 units of family housing; 10 ELI/ 58 VLI/ 19 LI/ 1 unrestricted manager's units

Council Action: Authorization on December 16, 2003 for the Director of Housing to negotiate and execute a Disposition and Development Agreement and approval of business terms for acquisition/predevelopment financing not to exceed \$4,265,000.

Delegation Action: Approval of construction loan terms in February 2004 and approval of permanent loan terms in December 2004.

City Funds: up to \$4,265,000

Subsidy/Unit: \$49,023

Estimated Project Cost: \$31,253,000

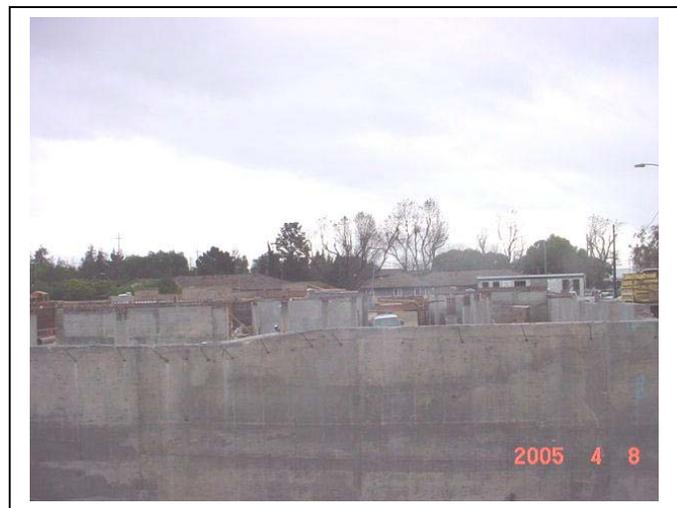
Construction started in December 2004. Completion is anticipated in June 2006.

Photos:

TOP: A view looking east at the parking garage.

MIDDLE: North elevation of the parking garage in progress.

BOTTOM: West elevation of the parking garage in progress.



CINNABAR COMMONS

District 6

Developer: Cinnabar Commons, L.P.
(Seven Hills Properties)

Location: West side of Stockton Avenue
between Lenzen Avenue and
Cinnabar Street

Units: 245 units of family housing;
49 VLI/ 194 LI/2 unrestricted
manager's units

Council Action: Approval on January 14, 2003
of an additional funding
commitment of \$14,046,000
for construction financing.



Delegation Action: Approval of construction/
permanent loan terms in July
2003. Revised loan terms
developed through mediation
on September 23, 2004.

City Funds (Permanent): up to \$24,056,000

Subsidy/Unit: \$98,997

Estimated Project Cost: \$70,045,000

Construction started in March 2004.
Completion is anticipated in January 2006.



Photos:

TOP: A view of the southeast elevation
of building #2.

MIDDLE: Looking north at the south
elevation of building #1.

BOTTOM: Looking south at the north
elevation of building # 3 with



DELMAS PARK

District 3

Developer: Delmas Park Associates, L.P.

Location: 598 West San Carlos Street

Units: 123 units of family housing; 26 ELI/ 40 VLI/ 56 LI/ 1 unrestricted manager's unit

Council Action: Approval on June 29, 2004 of a funding commitment of up to \$10,006,605 for construction and permanent financing. Approval in September 2004 of bond issuance and a loan of the bond proceeds.



City Funds (Permanent): up to \$10,006,605

Subsidy/ELI Unit: \$107,692
Subsidy/VLI & LI \$75,069

Estimated Project Cost: \$39,929,260

Construction started in October 2004.
Completion is anticipated in October 2006.

Photos:

TOP: A view from Bird Avenue looking east.



MIDDLE: Looking at the south elevation facing Columbia Avenue.

BOTTOM: Looking south at the site along San Carlos Street.



HENNESSEY PLACE

(formerly Youth Build Blossom Hill/Croydon)
District 2

Developer: San Jose Conservation Corps
(Youth Build)

Location: Blossom Hill Avenue opposite
the terminus of Croydon
Avenue

Units: 7 for-sale units

Council Action: Approval on April 8, 2003, of
the transfer of City surplus
property to the Housing
Department.
Approval on May 27, 2003 of
a Disposition and
Development Agreement.

City Funds: \$760,000

Subsidy/Unit: \$108,571

Estimated Project Cost: \$1,750,000

Construction started in April 2005. Completion
is anticipated in September 2006.

Photos:

TOP: A view of the existing house to
be demolished by Youth Build to
accommodate a new Fire
Department House (adjacent to,
but not part of project)

MIDDLE: Rough grade and staking in
progress for the new single
family homes.

BOTTOM: A view of the frontage of the
project that faces Blossom Hill
Road.



LAS MARIPOSAS

District 5

Developer: Mexican American
Community Services Agency
(MACSA)

Location: Northeast corner of Alum
Rock Avenue and Jose
Figueres Drive.

Units: 66 for-sale units.

Council Action: Approval of construction loan
and second-mortgage take-out
financing February 24, 2004.

City Funds: \$4,181,662 (including a
\$630,000 grant from the
Redevelopment Agency)

Subsidy/Unit: Up to \$ 50,000 per homebuyer

Construction started in March 2004, with
completion anticipated in July 2005.

Photos:

TOP: View of the south elevation of
the project along Alum Rock
Avenue.

MIDDLE: Looking west along Jose
Figueres Avenue at the east
elevation.

BOTTOM: Looking at the north elevation of
the townhomes.



LAS VENTANAS

(formerly Evans Lane JSM)
District 6

Developer: JSM Enterprises Incorporated

Location: Northerly terminus of Evans Lane (a.k.a., southerly quadrant of Highway 87 and Almaden Expressway interchange)

Units: 239 units of family housing; 35 ELI/ 39 VLI/ 163 LI/ 2 unrestricted manager's units

Council Action: Approval on September 24, 2002, of an increase in grant of ELI funds, for a total grant of \$4,025,000, and an increase in the number of ELI units from 24 to 35.

City Funds: \$19,395,949

Subsidy/ELI Unit: \$115,000

Subsidy/VLI & LI Unit: \$77,539

Estimated Project Cost: \$58,444,169

Construction started in July 2003. Completion is anticipated in phases between November 2004 and May 2005.

Photos:

- TOP:** Looking east at the west elevation of building #1.
- MIDDLE:** View of the east elevation of the project.
- BOTTOM:** View of the community room and pool in the inner court of building # 1.



OAK TREE VILLAGE

(Formerly Branham & Monterey)

District 2

Developer: JSM Enterprises, Inc.

Location: Northeast corner of Branham Lane and Monterey Highway

Units: 175 units of family housing; 53 VLI/121 LI and 1 unrestricted manager's unit

Council Action: Approval on May 27, 2003 of a Disposition and Development Agreement – including construction and permanent financing – for the development.

City Funds: \$10,540,000

Subsidy/Unit: \$60,575

Estimated Project Cost: \$50,213,000

Construction started in October of 2003.
Completion is anticipated in May of 2005.

Photos:

TOP: A view of the West elevation of the project as seen from Monterey Highway.

MIDDLE: Looking North at the South elevation of the project with the heritage oak tree.

BOTTOM: A view of the east elevation of the project as seen from Branham Lane.



Highlights of Activities -- January 1, 1999 to March 31, 2005

NEWLY CONSTRUCTED AND ACQUISITION/REHABILITATION UNITS

Under Construction	Completed	TOTAL
1,351	7,526	8,877

City/RdA Funding Committed	Under Construction	Completed	TOTAL
1,109	1,351	7,526	9,986

City/RdA Funding Sought	City/RdA Funding Committed	Under Construction	Completed	TOTAL
785	1,109	1,351	7,526	10,771

Planning Stage -- Inclusionary	City/RdA Funding Sought	City/RdA Funding Committed	Under Construction	Completed	TOTAL
398	785	1,109	1,351	7,526	11,169

Housing Department-Funded Preservation Units

Planning Stage -- Inclusionary	City/Rda Funding Sought	City/RdA Funding Committed	Under Construction	Completed	TOTAL
0	0	0	0	897	897